COMPARISON OF REVENUE-RELATED PROVISIONS OF H.R. 2950 AS PASSED BY THE HOUSE AND SENATE

PREPARED FOR THE USE OF THE CONFEREES

by the Staff

of the

JOINT COMMITTEE ON TAXATION

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This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a comparative description of the revenue-related provisions of H.R. 2950 as passed by the House and the Senate.

H.R. 2950 was passed by the House on October 23, 1991. On October 31, 1991, the Senate passed H.R. 2950, after substituting the provisions of S. 1204 as passed by the Senate on June 19, 1991.

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[1] This document may be cited as follows: Joint Committee on Taxation, Comparison of Revenue-Related Provisions of H.R. 2950 as Passed by the House and Senate (JCX-25-91), November 25, 1991.

REVENUE-RELATED PROVISIONS OF H.R. 2950
AS PASSED BY THE HOUSE AND SENATE

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
A. Highway-Related Excise Tax Provisions			
1. Tax rates (sec. 702(a)-(c) of the House bill)	Current motor fuels and other highway excise tax rates are in effect through September 30, 1995: Gasoline and special motor fuels (including motorboat and small-engine fuels)--14 cents per gallon (11.5 cents to Highway Trust Fund ("HTF") and 2.5 cents to the General Fund); highway diesel fuel--20 cents per gallon (17.5 cents to HTF and 2.5 cents to the General Fund); 12% on retail price of heavy trucks and truck trailers; graduated rates on heavy vehicle highway tires; and an annual use tax on heavy highway vehicles. A General Fund tax of 2.5 cents per gallon applies to train diesel fuel through September 30, 1995.	Extends current HTF taxes and exemptions for 4 years, through September 30, 1999. Also, extends current trust fund taxes on motorboat and small-engine fuels for that period. The current 2.5-cents-per-gallon deficit reduction rate on motor fuels, including the train diesel fuel tax, is not extended beyond the current 1995 expiration. Thus, from October 1, 1995 through September 30, 1999, the motor fuels tax rates will be 11.5 cents per gallon for highway, motorboat, and small-engine gasoline, 11.5 cents per gallon for highway and motorboat special motor fuels, and 17.5 cents per gallon for highway diesel fuel.	No provision.
2. Deposits and transfers of revenues (sec. 702(d) of the House bill)	a. Gross revenues from the HTF taxes are transferred to the HTF through September 30, 1995. b. Gross revenues from the 11.5-cents-per-gallon trust fund taxes on motorboat fuels (gasoline and special motor fuels) and small-engine gasoline fuel are transferred from the HTF to the Aquatic Resources Trust Fund ("Aquatic Fund") through September 30, 1995.	a. Extends transfer to the HTF of gross revenues from the highway-related taxes through September 30, 1999. b. Extends transfers to the Aquatic Fund through September 30, 1997.	a. No provision. b. No provision.

B. Highway Trust Fund Provisions			
1. Trust Fund expenditure authority (secs. 702(d)(2)(C) and (e)(1) of the House bill)	HTF expenditure authority is scheduled to expire on October 1, 1993. Expenditure authority from the Aquatic Fund's Boat Safety Account is scheduled to expire on April 1, 1994.	Extends HTF and Boat Safety Account expenditure authority through September 30, 1997, and March 31, 1998, respectively.	No provision.
2. Trust Fund expenditure purposes			
a. Highway Account, generally sec. 702(e)(2) of the House bill)	a. HTF Highway Account amounts are available, as provided in appropriations acts, for obligations incurred under the Highway Revenue Act of 1956, the Surface Transportation Act of 1982, the Surface Transportation and Uniform Relocation Act of 1987, or for amounts for a general purpose authorized under these acts as in effect on the date of enactment of the 1987 Act.	a. Allows Highway Account expenditures for purposes under the Intermodal Surface Transportation Infrastructure Act of 1991 ("1991 Act"), as well as previously cited Acts. Provides that purposes are only those specified in each Act as in effect on the date of enactment of the 1991 Act.	a. No provision.
b. Mass Transit Account (sec. 702(f) of the House bill)	b. Amounts in the Mass Transit Account of the HTF are available through September 30, 1993, as provided in appropriation acts, for making capital expenditures under section 21(a)(2) of the Urban Mass Transportation Act of 1964 ("UMTA"). UMTA section 21(a)(2) authorizes Mass Transit Account expenditures for construction and purchase of facilities and rolling stock, innovative techniques in public transportation services, planning and technical studies, and grants to assist elderly and handicapped needs.	b. Provides that Mass Transit Account amounts are to be available for "capital" and "capital-related" purposes under UMTA sections 21(a)(2), (b), (c), (g)(2), (h), or (j)(1), as in effect on the date of enactment of the 1991 Act.	b. No provision.

c. Highway tax compliance (secs. 144 and 702(g) and (h) of the House bill and sec. 103(b)(12) of the Senate amendment)	c. IRS highway tax compliance efforts are financed from General Fund appropriations.	c. Public Works' titles authorize HTF amounts ($7 million in FY 1992 and $8 million per year in FY 1993-1997) for grants to the IRS and/or States for motor fuels and other highway use tax enforcement activities. Also provide for an Advisory Committee to the Secretary of Transportation (with representatives from FHWA, IRS, and the States) to prepare and coordinate the highway tax enforcement projects, with semi-annual reports to be made to Congressional authorizing ("Public Works") committees on the expenditure of such monies. Revenue title provides that DOT may not impose any conditions on the IRS use of any funds allocated to it, and that IRS must submit a report to the Ways and Means and Finance Committees at least 60 days before the start of a fiscal year (other than FY 1992) on the projected use of any such funds it receives. Further, provides that the semi-annual reports by the Advisory Committee are also to be made to the tax-writing committees.	c. Public Works' provisions authorize HTF amounts ($5 million in each of FY 1992-1996) for grants to the IRS or States, provided that such amounts are used only to expand motor fuel tax enforcement activities and to reduce other highway use tax evasion. Semi-annual reports are to be made to the House and Senate Public Works Committees on the expenditure of such monies. No revenue-related provisions.

C. **National Recreational Trails Trust Fund (secs. 141-144 of the Senate Amendment)**	Exemption is provided (via a refund or credit) for gasoline used in an "off-highway business use". Off-highway recreational (i.e., nonbusiness) use is not exempt. Revenues from taxes attributable to nonbusiness off-highway uses are transferred to the HTF. Revenues attributable to the HTF rate on gasoline in a nonbusiness use of small-engine outdoor power equipment (with less than 40 horsepower) are then transferred from the HTF to the Aquatic Fund's Sport Fish Restoration Account through September 30, 1995.	No provision.	Establishment of Trust Fund and transfer of revenues.--Establishes a National Recreational Trails Trust Fund ("Trails Fund") in the Trust Fund Code of the Internal Revenue Code. Amounts equivalent to 0.3 percent of total HTF receipts or, after the first year, an amount corresponding to the revenue received from "nonhighway recreational fuel taxes" are to be transferred annually from the HTF to the Trails Fund. (As drafted, this formula may double count some revenues attributable to small-engine gasoline fuel use that currently are transferred to the Aquatic Fund.) Nonhighway recreational fuel taxes are defined as those imposed on gasoline, diesel, and special motor fuels (at the HTF rates) for (1) fuel used in vehicles and equipment on recreational trails or back country terrain (including highway vehicles when used on recreational trails, trail access roads not eligible for Federal highway funding, or back country terrain) and (2) fuel used in campstoves and other outdoor recreational equipment. Expenditures from Trust Fund.--Authorizes general expenditure purposes from the Trails Fund by cross-referencing Public Works' provisions of the bill. Public Works' provisions also set specific rules for allocating funds to States with obligational ceilings (FY 1992-1996) for use on trails and trail-related projects. Among the authorized uses of the funds are acquisition of new trails and access areas, maintenance and restoration of existing trails, State environmental protection education programs, and State administrative costs.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
D. **National Highway Institute Funding and Fees (sec. 140E of the Senate Amendment)**	There is a National Highway Institute which conducts training programs for Federal, State and local highway employees.	No provision.	Authorizes the Institute to conduct training programs for private agencies. Institute also is authorized to establish and collect "fees from any entity and place them in a special account for the purpose of this section" of the bill.
E. **Rural Tourism Development Foundation (sec. 271 of the Senate Amendment)**	Code section 501(c)(1) provides tax-exempt status for any corporation which is organized under an Act of Congress and is an instrumentality of the U.S., but only if the organization is exempt from Federal income tax under (1) provisions contained in the Internal Revenue Code (including sec. 501(e)), (2) the organizing Act (as in effect before July 18, 1984), or (3) a revenue Act enacted after July 17, 1984. Charitable contributions deductible for Federal income, estate, and gift tax purposes include contributions and gifts to or for the use of the United States for exclusively public purposes.	No provision.	Public Works' provisions establish a charitable, nonprofit corporation to be known as the Rural Tourism Development Foundation to plan and implement projects and programs to attract foreign visitors to rural America. The provisions specifically provide that the Foundation and any income or property received or owned by it, and all transactions relating to such income or property, are exempt from all Federal, State, and local taxation. Also provide that contributions, gifts, and other transfers made to or for the use of the Foundation are regarded as contributions, gifts, or transfers to or for the use of the United States.

F. **Sense of the Congress Relating to Commute-to-Work Benefits (sec. 305 of the Senate Amendment)**	Current law allows employers to provide up to $21 per month (recently raised from $15 by the IRS) in tax-free employee benefits for mass transit use.	No provision.	Provides a "Sense of Congress" resolution that the current dollar limit on the exclusion for employer-provided transit benefits unduly penalizes employer efforts to encourage mass transit use by employees: "the Congress strongly supports Federal policy that promotes increased use of employer-provided commuter transit benefits."
G. **Budget Act Compliance (sec. 703 of the House bill)**	The 1990 Budget Act provides "spending caps" for discretionary spending and "pay-as-you-go" requirements for direct spending during FY 1991-1995. If direct spending increases are not offset by decreases in other direct spending or increases in revenues, then a sequester (automatic across-the-board reduction) in non-exempt direct spending programs will occur.	Provides that notwithstanding any other provision of the bill, no increases in direct spending will be created by the bill. Requires a proportional reduction in highway and transit obligations for FY 1992 in the event that outlays from the FY 1992 obligations in the bill exceed those resulting from any transportation appropriations bill for FY 1992 that is enacted before this bill.	No provision.